

111TH CONGRESS
1ST SESSION

H. R. 2786

To amend the Internal Revenue Code of 1986 to improve the ability of medical professionals to practice medicine and provide quality care to patients by providing a tax deduction for patient bad debt.

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 2009

Mr. THORNBERRY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to improve the ability of medical professionals to practice medicine and provide quality care to patients by providing a tax deduction for patient bad debt.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Patient Fairness and
5 Indigent Care Promotion Act of 2009”.

1 **SEC. 2. BAD DEBT DEDUCTION FOR CASH BASIS HEALTH**
2 **CARE PROVIDERS FOR UNPAID SERVICES**
3 **PROVIDED TO LOW-INCOME INDIVIDUALS.**

4 (a) IN GENERAL.—Section 166 of the Internal Rev-
5 enue Code of 1986 (relating to bad debts) is amended by
6 redesignating subsection (f) as subsection (g) and by in-
7 serting after subsection (e) the following new subsection:

8 “(f) UNPAID MEDICAL CARE PROVIDED TO LOW-IN-
9 COME INDIVIDUALS.—

10 “(1) IN GENERAL.—In the case of a taxpayer
11 to whom this subsection applies, the deduction under
12 subsection (a) for worthless qualified medical care
13 debt shall not be less than 75 percent of the tax-
14 payer’s charge for such care.

15 “(2) TAXPAYER TO WHOM SUBSECTION AP-
16 PLIES.—This subsection shall apply to any taxpayer
17 who is engaged in the trade or business of providing
18 medical care other than as an employee and who
19 used the cash receipts and disbursements method of
20 accounting.

21 “(3) QUALIFIED MEDICAL CARE DEBT.—For
22 purposes of this subsection, the term ‘qualified med-
23 ical care debt’ means any debt for medical care pro-
24 vided by the taxpayer to a low-income individual.

1 “(4) DETERMINATION OF CHARGE.—The
2 amount of the taxpayer’s charge which may be taken
3 into account—

4 “(A) shall not exceed the amount of the
5 charge that would be recognized for purposes of
6 title XVIII of the Social Security Act, and

7 “(B) shall not include any amount for
8 which the taxpayer is not entitled to reimburse-
9 ment from the low-income individual.

10 “(5) LOW-INCOME INDIVIDUAL.—For purposes
11 of this subsection, the term ‘low-income individual’
12 means an individual who, at the time the medical
13 care attributable to the debt is provided, has an an-
14 nual household income below 135 percent of the pov-
15 erty line (as defined in section 673 of the Commu-
16 nity Services Block Grant Act (42 U.S.C. 9902)) ap-
17 plicable to the size of the family involved.

18 “(6) MEDICAL CARE.—For purposes of this
19 subsection, the term ‘medical care’ has the meaning
20 given to such term by section 213(d).

21 “(7) REGULATIONS.—The Secretary shall pre-
22 scribe such regulations as may be necessary or ap-
23 propriate to carry out this section, including regula-
24 tions providing for methods of establishing that an

1 individual is a low-income individual for purposes of
2 this section.”

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

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